

Prior law prohibited the sale or offer for sale of securities unless the securities were subject to an effective registration statement or exempt under other provisions of law.

New law retains prior law and allows the sale or offer for sale of securities that are federal covered securities. New law further requires a notice filing by the issuer of a federal covered security prior to the initial offering by mutual funds and for the purpose of renewal. Requires the notice filing to consist of a copy of the current registration statement filed by the issuer with the U.S. Securities and Exchange Commission (SEC), a consent to service of process, and an initial and annual renewal fee equal to the fee prescribed in existing law filing provisions. New law further allows the commissioner to require the issuer of a federal covered security by private placement to file a notice, on SEC Form D, no later than 15 days after the first sale in this state, together with a consent to service of process and a filing fee.

Existing law prohibits the sale or offer for sale of a security by means of any untrue statement of material fact or any omission of material fact. Requires that the defendant prove that he did not know, and in exercise of reasonable care could not have known, of the untrue statement.

New law removes the burden of proof language from a prior law provision in response to a supreme court case which declared that the improperly shifted burden to prove that the defendant acted willfully or knowingly to the defendant was a violation of the due process clause of the constitution and was not merely creating an affirmative defense.

Effective August 15, 1999.

(Amends R.S. 51:705(A) and 712(A)(2); Adds R.S. 51:705(G))